

Approved For Release 2005/04/27 : CIA-RDP72-00337R000400100002-2

**IMPLEMENTATION OF JOB EVALUATION POLICY
ACT OF 1970 (PUBLIC LAW 91-216)**

**HEARING
BEFORE THE
SUBCOMMITTEE ON
POSITION CLASSIFICATION
OF THE
COMMITTEE ON
POST OFFICE AND CIVIL SERVICE
HOUSE OF REPRESENTATIVES
NINETY-FIRST CONGRESS
SECOND SESSION
ON
Public Law 91-216
THE JOB EVALUATION POLICY ACT OF 1970**

MAY 4, 1970

Serial No. 91-23

Printed for the use of the
Committee on Post Office and Civil Service



U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1970

45-304

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Public Law 91-216
91st Congress, H. R. 13008
March 17, 1970

An Act

To improve position classification systems within the executive branch, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Job Evaluation Policy Act of 1970".

Job Evaluation
Policy Act of
1970.

TITLE I—CONGRESSIONAL FINDINGS WITH RESPECT TO JOB EVALUATION AND RANKING IN THE EXECUTIVE BRANCH

SEC. 101. The Congress hereby finds that—

(1) the tremendous growth required in the activities of the Federal Government in order to meet the country's needs during the past several decades has led to the need for employees in an ever-increasing and changing variety of occupations and professions, many of which did not exist when the basic principles of job evaluation and ranking were established by the Classification Act of 1923. The diverse and constantly changing nature of these occupations and professions requires that the Federal Government reassess its approach to job evaluation and ranking better to fulfill its role as an employer and assure efficient and economical administration;

63 Stat. 954,
972.
5 USC 5101 et
seq and notes.

(2) the large number and variety of job evaluation and ranking systems in the executive branch have resulted in significant inequities in selection, promotion, and pay of employees in comparable positions among these systems;

84 STAT. 72
84 STAT. 73

(3) little effort has been made by Congress or the executive branch to consolidate or coordinate the various job evaluation and ranking systems, and there has been no progress toward the establishment of a coordinated system in which job evaluation and ranking, regardless of the methods used, is related to a unified set of principles providing coherence and equity throughout the executive branch;

(4) within the executive branch, there has been no significant study of, or experimentation with, the several recognized methods of job evaluation and ranking to determine which of those methods are most appropriate for use and application to meet the present and future needs of the Federal Government; and

(5) notwithstanding the recommendations resulting from the various studies conducted during the last twenty years, the Federal Government has not taken the initiative to implement those recommendations with respect to the job evaluation and ranking systems within the executive branch, with the result that such systems have not, in many cases, been adapted or administered to meet the rapidly changing needs of the Federal Government.

TITLE II—STATEMENT OF POLICY

SEC. 201. It is the sense of Congress that—

(1) the executive branch shall, in the interest of equity, efficiency, and good administration, operate under a coordinated job evaluation and ranking system for all civilian positions, to the greatest extent practicable;

(2) the system shall be designed so as to utilize such methods of job evaluation and ranking as are appropriate for use in the

executive branch, taking into account the various occupational categories of positions therein; and

(3) the United States Civil Service Commission shall be authorized to exercise general supervision and control over such a system.

TITLE III—PREPARATION OF A JOB EVALUATION AND RANKING PLAN BY THE CIVIL SERVICE COMMISSION AND REPORTS AND RECOMMENDATIONS TO CONGRESS

SEC. 301. The Civil Service Commission, through such organizational unit which it shall establish within the Commission and which shall report directly to the Commission, shall prepare a comprehensive plan for the establishment of a coordinated system of job evaluation and ranking for civilian positions in the executive branch. The plan shall include, among other things—

(1) provision for the establishment of a method or methods for evaluating jobs and aligning them by level;

(2) a time schedule for the conversion of existing job evaluation and ranking systems into the coordinated system;

(3) provision that the Civil Service Commission shall have general supervision of and control over the coordinated job evaluation and ranking system, including, if the Commission deems it appropriate, the authority to approve or disapprove the adoption, use and administration in the executive branch of the method or methods established under that system;

(4) provision for the establishment of procedures for the periodic review by the Civil Service Commission of the effectiveness of the method or methods adopted for use under the system; and

(5) provision for maintenance of the system to meet the changing needs of the executive branch in the future.

SEC. 302. In carrying out its functions under section 301 of this Act, the Commission shall consider all recognized methods of job evaluation and ranking.

84 STAT. 73
84 STAT. 74
60 Stat. 379.

SEC. 303. The Civil Service Commission is authorized to secure directly from any executive agency, as defined by section 105 of title 5, United States Code, or any bureau, office, or part thereof, information, suggestions, estimates, statistics, and technical assistance for the purposes of this Act; and each such executive agency or bureau, office, or part thereof is authorized and directed to furnish such information, suggestions, estimates, statistics, and technical assistance directly to the Civil Service Commission upon request by the Commission.

SEC. 304. (a) Within one year after the date of enactment of this Act, the Commission shall submit to the President and the Congress an interim progress report on the current status and results of its activities under this Act, together with its current findings.

54 STAT. 74

(b) Within two years after the date of enactment of this Act—
(1) the Civil Service Commission shall complete its functions under this Act and shall transmit to the President a comprehensive report of the results of its activities, together with its recommendations (including its draft of proposed legislation to carry out such recommendations), and
(2) the President shall transmit that report (including the recommendations and draft of proposed legislation of the Commission) to the Congress, together with such recommendations as the President deems appropriate.
(c) The Commission shall submit to the Committees on Post Office and Civil Service of the Senate and House of Representatives once each calendar month, or at such other intervals as may be directed by those committees, or either of them, an interim progress report on the then current status and results of the activities of the Commission under this Act, together with the then current findings of the Commission.
(d) The Commission shall periodically consult with, and solicit the views of, appropriate employee and professional organizations.
(e) The organizational unit established under section 301 of this Act shall cease to exist upon the submission of the report to the Congress under subsection (b) of this section.

Interim
reports to
Congress.

Approved March 17, 1970.

LEGISLATIVE HISTORY:

HOUSE REPORT No. 91-823 (Comm. on Post Office & Civil Service).
SENATE REPORT No. 91-713 (Comm. on Post Office & Civil Service).
CONGRESSIONAL RECORD, Vol. 116 (1970):
Feb. 16: Considered and passed House.
Mar. 4: Considered and passed Senate.

IMPLEMENTATION OF THE JOB EVALUATION POLICY ACT OF 1970 (PUBLIC LAW 91-216)

MONDAY, MAY 4, 1970

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON POSITION CLASSIFICATION OF THE
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:10 a.m., in room 219, Cannon House Office Building, Hon. James M. Hanley (chairman of the subcommittee) presiding.

Mr. HANLEY. The purpose of our hearing this morning is to hear Mr. Philip M. Oliver, Director of the Job Evaluation and Pay Review Task Force of the Civil Service Commission, established pursuant to Public Law 91-216 (H.R. 13008). This act was signed into law by the President on the 17th of March, and Congress holds much hope for it in revitalizing and updating the obsolete classification systems which currently prevail.

The report issued by this committee during the past year has been described as the most comprehensive report on classification systems since the Classification Act of 1923. I believe this to be the case; it, in my judgment, was certainly long, long overdue. Classification has become a very complex problem which can be only described as a dilemma.

Fortunately, at the beginning of the 90th Congress, it was finally concluded we had waited far too long and it was high time for the Congress to take some action.

The Congress, itself, had defaulted in this manner because of the fact that we had to deal consistently with matters acute in nature. We did not have the time or resources for a long-range study. Thus, Congress let the problems in the system develop over the years.

The Civil Service Commission, itself, again in the recognition of its farflung activities and responsibilities, did not have the time, apparently, or the tools, to get into this matter, and again by virtue of the fact that it, too, was plagued with so many matters on a day-to-day basis that were acute in nature, did not have the wherewithal or the time to proceed with this activity.

So as I see it, for many, many years we have been sweeping this under the rug, and the net result is a situation that leaves a great deal to be desired.

Unfortunately—and this has been proven through the investigations of this subcommittee over the course of the past several years—the systems are ridden with inequities. We have the unfortunate practice even of interagency pirating.

So we were delighted with the reception of the Congress with regard to H.R. 13008; we were delighted with the observations of those who testified before this committee with regard to the need for this activity. The support, as most of you know, was overwhelming. So this support was, indeed, a great source of great encouragement to members of this committee and myself.

And, obviously, it allowed us to develop a good case for the program we look forward to now.

As you know, the Senate looked upon the need as the House did, and looked upon it with equal enthusiasm. Senator McGee was as enthusiastic about it as I. The cooperation from that body was excellent, it concurred completely with the House version of the legislation, so that it would not be at all delayed, that we could get on with the task at hand.

The administration, itself, was very anxious that we move in this direction. The Civil Service Commission was also anxious.

So that brings us up to this point, and although the legislation was only signed into law on the 17th of March, here it is, the 4th of May, and already the mechanics of this operation are underway. We are delighted with the good judgment exercised by the Chairman of the Civil Service Commission in the appointment of Mr. Oliver, who, certainly again, in my judgment, has some outstanding qualifications. He is certainly well equipped to accept this challenge; there is no question in my mind about his ability. I am confident that he will succeed with the task at hand. I recognize it as a Herculean one, an extremely difficult one, and one that is going to require a great deal of detail, but certainly he brings to it excellent credentials and I am confident that the end results of his activities is going to produce a major reform within this system.

Mr. Oliver, it is a pleasure to welcome you here this morning. Hopefully, some other members of the committee will be aboard. Many of us had airplane difficulties this morning due to the weather, but hopefully other members will join with us and enjoy your presentation.

With that, it is a pleasure to welcome you to this committee.

**TESTIMONY OF PHILIP M. OLIVER, DIRECTOR, JOB EVALUATION
AND PAY REVIEW TASK FORCE**

Mr. OLIVER. Thank you, Mr. Chairman. I do have a short statement I would like to read.

Mr. HANLEY. Proceed, please.

Mr. OLIVER. Mr. Chairman and gentlemen, I am grateful for the opportunity to appear before you here today.

I am Philip Oliver, Director of the Job Evaluation and Pay Review Task Force created by the enactment of Public Law 91-216.

This act embodies House bill 13008 introduced by Chairman Hanley. In accordance with the desire and the intent of the committee, I report directly to Mr. Hampton, Chairman of the Civil Service Commission.

I assumed my position on April 13, 1970. Under the provisions of the act, I would like this morning's meeting to be considered the first report of the task force.

This morning I wish to discuss the task, its complexities and the general approach I am taking:

First, however, it is necessary to say I have read carefully the committee report and the hearings. The staff and the committee are to be commended for an outstanding report. It is comprehensive, thoughtful and clear in its direction. I do not intend to duplicate the exhaustive study made by this committee, however, to define the task some research is mandatory.

My preliminary research indicates that there are about 65 schemes for evaluating, classifying, paying, and administering jobs in the Federal Service.

Fortunately, there is considerable variety among these plans—variety not only as to application of one or more of the four recognized methods of job evaluation, but also as to administration.

I say fortunately because this is evidence that individual agencies have been trying to develop viable plans to meet changing conditions.

The Civil Service Commission has in the recent past contributed by the formulation of the Coordinated Federal Wage System. This combines, both in format and administration the best features of a variety of former schemes.

The immediate impact of the application of these approximately 65 schemes is, of course, on the 2,900,000 Federal employees. The other interested parties include over 100 national and local unions representing about 52 percent of all Federal employees and having about 2,300 exclusive recognitions covering about 1,400,000 employees; at least three dozen associations having Federal employees among their membership; the 535 Members of the House and Senate; and the general public since wages, salaries and benefits for the Federal payroll approximate some 15 percent of the annual budget.

Therefore, any serious proposal to modify the status quo arouses considerable interest. I am cognizant, therefore, of the need for communication from time to time to all interested parties.

I welcome suggestions, recommendations and criticism.

On the other hand, it is hoped that because of the time restrictions, there is not an unwarranted demand for justification of viewpoints.

The need is for a comprehensive, all-inclusive system for evaluating, classifying, and paying employees in the executive branch of the Government.

Within this system there may and most probably should be several plans, each designed to meet the specific needs of the individuals, agencies and organizations concerned. The linkage mechanism which has to be devised to provide and assure integration of these various plans into the overall system is the key to the entire task.

I would like to point out that while it is in theory possible to determine relative values of jobs either in nonmonetary or monetary terms, the ultimate validation of a scheme performance dictates that both evaluation and pay become inherent parts of the scheme.

The designations in my title recognize this. Further, some consideration has to be given to the relationship with the Cabinet and sub-Cabinet executive schedule.

The task force report will have some recommendations on this relationship for your consideration.

The end product, therefore, has to have the following characteristics:

1. It has to be credible.
2. It has to be simple; that is, understandable to both supervisors and employees.
3. It has to be equitable; that is, really result in equal pay for equal work.

4. It has to be relatively inexpensive to administer.

It goes almost without saying that the current administrators and creators of the existing schemes have personal bias and defensive positions about their programs. The many organized union groups are beginning to feel their way toward what I hope will be responsible attitudes and postures concerning their role.

In addition, numerous professional and semiprofessional workers are affiliating with societies and associations who are seeking recognition of their views by management. The public career employee is not the same as a private industry employee and early acknowledgement of this is needed. What I am hoping is that all interested parties accept the above objectives of the comprehensive system and work with my task force and this committee to develop a workable, acceptable solution.

I am presently engaged in recruiting a small staff of competent specialists to comprise the task force. The group will be balanced--representing a broad range of experience in a number of Federal organizations. They will have actual working experience in a variety of situations here and overseas, in organized and nonorganized units, and with expertise in professional, managerial, white collar, and blue collar jobs.

I intend to augment this group with three small advisory committees, one each representing industry, unions, and associations, and members of the Interagency Advisory Group.

The committees will be asked to address themselves to specific problems and to meet with my task force at periodic intervals so that they can offer advice and counsel. It is also my intention to provide this committee with the types of progress reports they have indicated they wish.

Now as to the approach to be followed:

I am in the process of developing a fairly detailed agenda of the research to be conducted, the briefings needed to become thoroughly familiar with the existing schemes, the State systems to be reviewed, and a check of progress being made in countries like Canada and England.

It is my intent to be able to positively respond to the many recommendations presented to this committee that are contained in the report and hearings.

And I might just say that this notebook (indicating) contains the statements presented by witnesses before this committee, with all of their recommendations as to what needs to be done. And just one look at the size of this document gives you some idea of the task of trying to respond positively to these suggestions.

While I recognize my responses cannot possibly satisfy everyone, what is important is that the recommendations be given some serious consideration.

Then, I believe, we will be in a position to choose and select the techniques and best features of the many schemes and weave a com-

mon thread into the plans that evolve so that a comprehensive system truly exists.

This will be followed by extensive validation and discussion with interested parties in order to add the refinements that will make the system work. The completed report will have to contain, therefore, the comprehensive system, detail of the plans within the system, pay structures that satisfy and are compatible with the system and the identifiable linkages among the plans, plus legislation to place the system into operation.

In addition, a transition plan and time schedule will be developed to assure an orderly conversion.

In conclusion an administrative procedures manual for guidance to the Commission upon approval by the Congress will be required.

Some thought will also be given to the training program that is so important whenever a new system is installed. This will have to extend down to the lowest level of supervision to assure total understanding and administration.

The act makes no provision for the task force working with this committee once the report is submitted. Perhaps this committee will want to consider how it plans to review the report, hold hearings and present the legislation to the Congress.

I believe some continuity will be needed before the final product is passed into law and given to the Civil Service Commission to implement.

The task is a difficult one. It can be made easier if all involved co-operate by concentrating on the final objectives, and I include here all the organizations I have mentioned above.

Changes will be required in existing organizations and in attitudes in order for this to succeed. There will have to be a reasonable amount of give and take by all parties. I do firmly believe the wishes of this committee as expressed in the act can be met and am looking forward to continued close contact with you.

Thank you.

Mr. HANLEY. Thank you very much, Mr. Oliver.

Congressman Tierney may have to leave us because of another committee activity; thus, at this point, I am going to defer to a great member of this committee, who has played a most responsible and effective role in the drawing of the language of this bill.

Mr. TIERNAN. Thank you, Mr. Chairman.

Mr. Oliver, I want to welcome you before the committee. I have had the pleasure of meeting you before.

One of the matters that comes to my mind initially is the fact that you have so many of these different national and local unions representing Federal employees, and you have set forth that apparently you intend to appoint advisory groups from these different segments representing employees. How do you intend to select them? Or have you made the selection, first of all?

Mr. OLIVER. I have not made the selection—

Mr. TIERNAN. The committee very nicely sidestepped that problem, you see, because there were just so many unions and so many different groups. We started to figure out who to put on there and the committee would have been so big we did not think it would be effective. I am wondering how you are going to handle this.

Mr. OLIVER. I would like to answer that, sir. There are well over 100 individual unions, local and national. However, if you look at them—and a member of my staff, Mr. Shapiro, who is with me here today, has looked at them and made an analysis of them—one of the things you immediately discover is that there are about eight or nine groups that represent about 80 percent of all of the unions.

Some of these unions, as you know, are grouped into federations. My proposal is to contact each of these larger federations and associations and ask them to designate a man, or a woman, to work with me in an advisory group.

What I hope to have is about eight, or at the most 10 people on each of these small advisory committees, hoping that at any one meeting we would have maybe a half a dozen of them who can make the meeting, to spend some time with us. I am going to use this technique—knowing that some people may be hurt at not being included--seeking a membership from the larger fold.

Mr. TIERNAN. Mr. Oliver, I am not too sure whether you clearly understood the intent of the committee that you report on a monthly basis. Is it my understanding that you are prepared to report to the committee monthly?

Mr. OLIVER. I have given that problem some considerable thought. There is no doubt in my mind but that the committee will desire a monthly report. There is also no doubt in my mind that I will submit a monthly report to them. I am hoping that Mr. Barton and I can sit down at an early date this week to come up with a report format that the committee will find satisfactory.

I would also, however, like to do something a little more than that. I would like to have the committee have in its possession my own schedule and my own milestones for the total project, which I am in the process of formalizing now; and perhaps on a quarterly basis, by submitting a more detailed report to you against the milestone, you will feel not only that progress is being made, but that you can offer advice and counsel as to those avenues of thought or those particular areas that you feel are not getting adequate attention.

But you will have a monthly report.

Mr. TIERNAN. That is just my personal feeling, and I am sure other members of the committee may have other thoughts on it. But I think for the time being that we should receive these monthly reports and from that you might develop some pattern different than that as you go along.

The statement on the third page of your statement where you say, "The public career employee is not the same as a private industry employee," in what manner is he not?

Mr. OLIVER. As you know, I have spent 15 years in Federal service and some 16 years in private industry. And I think it is very important that people in private industry as well as people in Government and the unions recognize that the two groups of employees are not the same. They are not the same for a number of reasons.

First of all, a public career employee makes certain sacrifices when he comes into the Federal service. He makes these willingly, willfully, and in full recognition that he loses some freedom when he comes to work for the Government. He gets great rewards, however. This is one reason why I am happy to be back in Federal service.

He has a greater span of responsibility than his counterpart in industry.

There is no comparison, for example, between comptroller or director of finance in a company with, say, \$100 million worth of sales and the comparable position in a branch or major bureau or a department in the Government. There are other significant differences that are evolving. There is the one that we were faced with briefly a short time ago, the business of whether the employee can find a means of getting himself heard without resorting to the strike mechanism.

We had that problem in the Post Office, we have had it among State public service employees, such as the garbage collectors and street cleaners, and the teachers. It is important that—not this committee, certainly not my task force—some group continue to work with Chairman Hampton on developing a means, a technique under the new Executive Order No. 11491 for this recognition. This is an important difference between the two classes of employees.

Finally, I would like to point out another very important distinction. It is one that is the direct concern of your committee, and that is the technique or means by which we reward the Federal employees.

I intend to submit recommendations to you on who really has or should have the authority for establishing pay rewards. Congress is periodically called upon to develop, sometimes under great pressure, as in the recent past, new schedules, new adjustments, sometimes done in haste, sometime done with prolonged research. This technique has to be examined and is distinctly different from what happens in private industry.

An employee in the Government simply cannot go in and say to his boss: "Boss, I want a raise. If I don't get a raise I am going to do something drastic, like maybe leave." And the boss may say, "Good-bye"; that sort of effect.

So there are these fundamental differences. But, unfortunately, too many people, particularly in the general populace, think of the Government employee as an individual in a soft berth, with narrow responsibilities, narrow image, narrow imagination, and I would like to contribute to this reeducation.

Mr. TIERNAN. Mr. Oliver, I have one or two more questions, and one of them has to do with the staff that you are recruiting. Where are you getting these members of your staff generally?

Mr. OLIVER. Thank you, I had hoped you or the chairman would ask me this.

I am a firm believer in making the system work. The Civil Service Commission has a very excellent tool called an "executive inventory." This contains some 30,000 names and detailed records of top layers of Government employees—on a computer. I have requested that this be carefully searched to look for the types of people that I need, and from this I have gathered a half dozen extremely capable candidates whom I have interviewed and with whom I am in the process of continued discussion concerning employment on the task force.

A second source that has been made available to me arose when the Chairman of the Civil Service Commission, and Nicholas Oganovic, the Executive Director, contacted every one of the major departments and agencies and asked for candidates. I had some 120 people and I have skimmed through those, interviewed a number of them, and am in the process of negotiation with some from that group.

Finally, through my own personal contacts in industry, I have interviewed and expect, during the remainder of this week, to continue to interview some candidates from private industry, so that the group I have will be a balanced group, not drawn exclusively from one agency, not drawn exclusively from private industry, but representing as broad a picture as I possibly can get of the total system.

Mr. TIERNAN. Thank you very much, Mr. Oliver.

Thank you, Mr. Chairman.

Mr. HANLEY. Thank you, Mr. Tiernan.

Mr. Oliver, you reflected on sacrifice which individuals make when they become public employees. Could you expand on that?

Mr. OLIVER. Private industry has over the last 12 to 15 years developed a very sound technique for maintaining its key employees, the ones that it feels have potential in growth and development, and a way to the top. This is a combination of benefits and retirements that in effect lock a man into the system, and it takes considerable sacrifice to pry a man out of GE, or IBM, General Motors, or Ford, or Westinghouse, or many of these other companies. A man who has 12 or 15 years with a company is so locked in to the system that this sacrifice sometimes is more than most of them can consider.

Second, the man who feels through contact with his superiors in private industry that he really has a way to the top, and who is being groomed—and I think many progressive employers probably spend more time and effort on grooming people whom they feel can make it to the top than the Government has in the past—faces the dilemma of whether he should launch himself on a second career, maybe short term, and risk losing the opportunities that he thinks lie before him in his own company.

There are many companies that will not grant leaves of absence to their employees for short-term Government assignments. I ran into that situation in Pittsburgh last Friday, when I was interviewing a man from Westinghouse. It is doubtful—and he is now wrestling with the problem, after 12 years with his company—whether there is a career or a short-term stint for him with the Government.

The other sacrifice, I think, that is worthy of note, is the personal feeling that a person develops within himself, the big frog in the little pond concept versus the little frog in the big pond concept—to work for an organization, even as small as the Department of Labor, where I was most recently before coming aboard here, with 10,000 employees, is a large organization, but when you work for HEW, with 110,000, it is easy to get lost, it is easy to lose identity. And compare this with the last company that I was with, we had 3,000 employees. I personally knew almost half of them or more, maybe. And so did the vice president of the company. It was possible to work more closely as a team, to be less possessive, to feel that we, the group, were making an effort. And then to move into one of these gigantic organizations and literally take years to make your mark is something that is of deep concern to people. They have talked to me about it, have asked me how they can survive, and whether it is worth it.

You know how I feel about this, or I would not be sitting here. But these are sacrifices.

Mr. HANLEY. I see. Having explored this side of the coin from the standpoint of sacrifices, now let us turn to the other side of the coin

and reflect for a moment or two on the rewards associated with this type of service.

In your judgment, do we create a balance here, or should we be doing more in the way of creating initiative and desire for employment in the public sector?

Would you say we have arrived at a state of balance here; are we doing enough; should we do more from the standpoint of fringe benefits, et cetera, et cetera?

Mr. OLIVER. I would say you have come a long step forward in the last half dozen years. I would like to talk about the rewards. You know, I am extremely interested in the young college graduate group, and one of the most encouraging things to me in visiting college campuses and interviewing young students, is the zeal with which they seek Government employment.

Why is this? Well, I think one of the motivating factors, one of the real pluses is the recognition by the young man or woman that even though it is a gigantic organization, there is an opportunity to do something for the common good. You simply cannot, in private industry, do something for your fellow man with anywhere near the amount of impact that you can in the Government.

The management intern program which is being run throughout the Government is one that should be doubled, or quadrupled, in my opinion. It is grievous to me to talk to agency heads who tell me that because of cuts in the budget they are going to pull back on their management intern program. This is a sad thing. There are many companies in private industry that regularly recruit about 10 percent of their work force from young graduates. The Government should really expand this, because there are rewards for the young man and the young woman, and I have talked to some crackerjacks.

Another reward that exists, and I referred to it once before and I want to come back to it: for the individual who really seeks authority and power in terms of impact and in terms of motivating the large groups of people or large organizations, there is no comparison between industry and the Government. A man like Mr. Finch, head of HEW, or the people over in Defense, Justice Department, these large Government organizations, the impact they have on every citizen cannot be matched, and that is a reward.

Now, in terms of fringe benefits, I would like to assure you that I have for years very carefully studied the fringe benefit package of the Federal employee. With the recent improvement in the retirement system, and your generous leave program, your sick leave program, the fringe benefit package is more than competitive. There are one or two small areas where I think you could consider some leeway.

The business, for example, of permitting people to come in for interviews from around the country, to see the Government in operation, which is impossible now, or perhaps some adjustment in how you relocate first assignees, and intensive attention to middle management training.

There just is not enough as compared to private industry. These areas should be explored. But your basic fringe benefit package is excellent.

Mr. HANLEY. I am delighted to hear you say that. I am delighted, too, with your observation of the ideals which have become quite apparent with regard to our young people and their desire to con-

tribute in some way to the common good and to do this through public service as opposed to their own security or their own material gain. So this is indeed heartening and reflects great credit on so many of our young people, our college graduates today. And I have observed this situation that prevails. As I say, I, too, am heartened, as you are.

Mr. HANLEY. Mr. Tiernan?

Mr. TIERNAN. Are you going to have sufficient time to present a report to the Congress and this committee?

Mr. OLIVER. You mean by March of 1972?

Mr. TIERNAN. Yes.

Mr. OLIVER. Yes, sir. I expect to beat that schedule.

Mr. TIERNAN. Good.

Mr. OLIVER. The reason I would like to beat that schedule is so that this committee will have ample time to review it before the task force is dismissed, unless you decide to use some other technique. I am not saying this in terms of self-perpetuation, I have a number of other things I want to do.

But, yes, you will have your report. I think the time span is adequate. I am not saying it will necessarily be easy, but, yes, you will have your report.

Mr. TIERNAN. We all recognize the very difficult task that has been presented to you, and I just want to make sure you do have enough time. And if we could get the report in March of 1972, it will give us time to get some legislation prepared and introduced. The tendency in Government, I find, is to have these studies and reports prepared, allow a few years drift by, and the next thing you know, the report is criticized as not being valid 2 or 3 years later.

Mr. OLIVER. Mr. Tiernan, 1972 is an election year, and I would hate to think of having to start all over again with another Congress.

Mr. TIERNAN. Well, you might have to, anyway——

Mr. OLIVER. I may, but at least I would like to try to get it in to you.

Mr. TIERNAN. Mr. Hanley and I are due to be here.

Mr. OLIVER. To be here and to be present, I hope so, too.

Mr. TIERNAN. One other question and then I have to leave. I see you were formerly with the Foreign Service.

Mr. OLIVER. Yes, sir.

Mr. TIERNAN. And you have indicated that you read the report of the testimony. I am sure you are aware of my particular concern about the selection of employees by the Foreign Service. I do not like to put personal direction in testimony to you, but I am hopeful that this situation can be corrected. I find it to be a very poor example of selection of Federal employees in a very important agency of our Government, particularly where we are dealing in many foreign countries with so few of our employees in that agency being black.

Mr. OLIVER. Well, that is part of the problem in your testimony on this organization which I reviewed 2 or 3 days ago. It pointed out two or three other areas that ought to be looked at.

I do not intend to make any exceptions in my study. If I read the intent of the committee rightly, the Foreign Service will be very carefully looked into.

You might be interested to know that in the Foreign Service there exist five different schemes, out of the 65 that I mentioned, that I was able to identify. That presents a problem to them, too.

Mr. TIERNAN. Thank you, Mr. Chairman.

Mr. HANLEY. If we might for a moment go back to this monthly report requirement. As you know, there was a great deal of feeling through the course of our hearings that suggested that we could not really objectively accomplish our mission unless the work was being performed by an outside commission. We disagreed with this theory and we felt that it could be accomplished under the mechanics finally written into this law.

We got into the possibility of an advisory group working along with this unit, but in attempting to develop a formula that would be equitable we encountered a blank wall.

So it appears to us, in the wisdom of this committee, that the best way of handling this so we would be able to keep our finger on the pulse of your activities, to be able for us to keep abreast with what you are doing, and for other interested parties to keep abreast, that by building this mechanism into the law, it would serve this purpose. And it was not intended in any way to provide you with obstacles or headaches.

The intent here is that you will be reporting on a month-to-month basis, so that we will be aware of what is taking place. This information will be public information and available to whomever might be desirous of it. And in this way, on a continuing basis, we can determine the reaction. If we encounter an area of difficulty, then hopefully we can get to it then and there as opposed to developing some ferment and objection to the activities of this unit. If we do not attempt to head off difficulties as they occur, then perhaps as we are coming into the home stretch with the plan, we will encounter insurmountable difficulties which might defeat the intent of Congress or delay the intent of Congress with regard to our great desire for a new system.

This is one of the things we are attempting to eliminate through this mechanism.

So I believe that it will work out quite well. You can be assured that we recognize your problem. You have assumed an extremely difficult task, and you are not going to please everyone. We realize we have got to effect the best compromise that we can, but we intend to move along on a consistent, continuing basis toward the final goal.

For the record, Mr. Oliver, can you provide the committee with a little background with respect to your experience in the Federal Government?

Mr. OLIVER. I took a degree in personnel management from George Washington University, with the specific intent of making a career out of the Federal service. I was fortunate enough to have as my first real substantive place of employment the organization known as the Civilian Personnel Division of the Secretary of the Army, which is a policy formation group that exists at the very top of the Department of the Army.

One of the things that I learned quickly was that the adaptation of policy to operating practices was and still is a major stumbling block, and, at my request, I spent a great deal of time in the field, trying to carry out the dictates of the centralized staff.

It is one thing to write a policy; it is quite another thing to make it work in the field.

I spent 4 years with that organization, and it was like another college course. My overseas tour of duty of 4 years with the Department

of State in Vienna, Austria, gave me quite another outlook to the problem. Here I discovered in the Foreign Service that they had no personnel program whatsoever for their overseas posts. This was in 1950.

I developed the program for the 2,400 to 2,500 people at the U.S. mission to Austria. The procedures that I developed in recruitment, training, position classification surveys, salary structures, labor negotiations, were all duly reported and recorded and adopted by the Department of State, and with some adaptation many of these are still in use in overseas theaters.

I am sorry Mr. Tiernan missed that statement, because one of the things that the Department of State has done in its Foreign Service is that it has begun to devote more attention to this personnel administration problem overseas. And in some measure I hope I contributed during those 4 years.

The importance of maintaining both a public position as a representative of the United States overseas and at the same time build a rapport with other Government representatives in the host country was educational, and is far more complex than most of us realize. It comes as no surprise to me, but with some considerable unhappiness, to learn of the movement in and out of Government of employees in overseas areas because of these problems that they have never been really alerted to.

The whole redesign of the Peace Corps that is now taking place, I think accurately reflects some of the problems that I found.

In my military service, which I include as Government service, I was a civilian personnel director-officer over a large seven-State region, procuring Air Force equipment and terminating contracts, and it was here that I got my first real exposure to private industry. And when I decided after 14 years that I ought to see what the other side of the fence looked like, I did it because of what I had learned during this exposure.

I also spent 1 year, as you know, as a Special Assistant to the Assistant Secretary of Labor for Policy, and during that time I was actively engaged in some major pieces of legislation, including the new welfare bill that the House passed under the leadership of that very eminent gentleman, Wilbur Mills. And that in itself is an education—to watch a professional work.

As you know, the bill is now with the Senate Finance Committee.

So I feel that my Federal exposure has been fairly broad. It has been overseas, it has been out in the field, it has been both in headquarters and in line operations.

Mr. HANLEY. Well, certainly your experience in the Federal service is most impressive. Tell us a little bit about your experience in the private sector.

Mr. OLIVER. Yes. In 1954, my 4 years with the State Department was approaching an end in Austria, and I was faced with the prospect of moving to a somewhat less desirable post. I decided that I would like to see the other side of the fence, and I spent 2 years in Venezuela with Creole Petroleum, which is a Standard Oil of New Jersey subsidiary.

It might interest the committee to know that what we installed in that 2 years was a job evaluation system based on the Civil Service standards system that is presently used in the GS structure.

Mr. HANLEY. This is most interesting.

Mr. OLIVER. I can assure you that in a small organization, with the 9,000 employees that they had at that time, it was infinitely easier than here in the Federal service. The system is still used down there and in small organizations such as that one it works very satisfactorily.

I then returned to the States upon completion of my 2-year assignment, and took a similar job with Tidewater Oil out on the west coast, installing a job evaluation, classification, and pay system for this petroleum producer.

Upon completion of that assignment, I went to Lockheed Missiles & Space Co., for 5 years, as a compensation adviser in management development and training officer for this company, primarily concerned with developing the top layers of management and with executive compensation plans. I had a staff of some 22 specialists, and during that 5 years installed their basic systems for appraising and compensating executives.

I then spent an interesting 6 months in England and Scotland with a private consulting firm, working on labor relations problems in an automobile manufacturing plant. While there I was instrumental in installing a system that resembles the Scanlon plan and also the Kaiser industry plan, which is an incentive program. It is one that bears some examination, where an employee's compensation above a base rate is based upon his productivity, and the greater his productivity and output, the greater his direct cash rewards.

I returned to the States and became director of industrial relations for Philco-Ford Corp. in their western operations.

I worked specifically in their electronics and aerospace divisions, administering a totally decentralized industrial relations program, and there I played the other side of the fence, because we had no union, and although I was very actively engaged in unions it was in a little different role.

It was during this period of time that I began to teach intensively at junior colleges and 4-year colleges in the Bay area, teaching management courses and personnel administration courses.

Also, I became very active in public affairs, spent 4 years as an officer in what you people here in the East call the United Crusade. I was an active board of directors member of two chambers of commerce, and I worked as a member of the board of directors for a number of mentally disturbed and emotionally disturbed and handicapped children's organizations.

Mr. HANLEY. Certainly your combined experience in both the public and the private sector evidence the excellent credentials that you bring to this task.

Now, you have mentioned unions and I am reminded to ask: what role do you feel collective bargaining might play in a new classification system?

Mr. OLIVER. That is an interesting problem. As you know, in private industry the unions in many companies bargain not only for wages but for job classification. And in certain branches of the Government, this is also true, such as in TVA, in the Department of the Interior, in some of their damsites, these other locations in the field.

In the broad sense, for the broad groupings of Federal employees, both in the field and here in Washington, it seems to me that the Com-

mission, the House Post Office and Civil Service Committee, and the Congress itself, should move fairly slowly, so that they build on a firm base what their real attitudes are. The prerogative of management to determine what work has to be done and what is required to accomplish the task cannot be lightly given away or made subject to collective bargaining, without some trade-off on the part of the employees or their representatives.

There are some very innovative tools developing in State and city organizations, techniques for bargaining or negotiating under compulsory arbitration that bear review.

There is no doubt in my mind that the system that we will submit to you for your review and consideration will be very carefully examined by the union people for ways and means to enable them to have the say in the action, as it were. I have no positive recommendation at this time. I have been giving it a great deal of thought. I have discussed this with Mr. Hampton and hope to continue to discuss it with people such as you and your committee, to get your feel for the problem. It is a complex one.

Mr. HANLEY. Well, it certainly is, and we will look forward to a considerable dialog with regard to this subject matter.

To switch for a moment to the concept of position classification utilized in the private sector, its adaptability to the governmental sector: what possibilities would you say exist here?

Mr. OLIVER. I would like to suggest that this is a very fertile field. I had a discussion with a member of my staff on this very point this morning. One of the things the Government can well learn from industry is to use position or job evaluation as a management tool far more extensively than it does.

In private industry, for example, the job evaluation technique is one of the keystones in organization structuring. And when you establish a new plant, or a new division, the personnel director/manager, works with the finance people and the others concerned—the engineers and the operating people—assisting in developing an organization that has preset within its creation the levels of responsibility and the types of jobs that are required.

The Government, I think, could go a long way toward following this type of a technique. There is another area where job evaluation works actively in industry which the Government ought to consider, and that is in the development of new business or new contracts. In many companies in the private sector, when a company bids on a particular bit of business, an important part of the total package is the manpower required, the number of people, the skill levels, a cost factor, as well as an organization structure. So that the proposal submitted for the bit of business as a whole contains engineering specifications and people specifications.

In the Federal Government this technique could be used, for example, when we develop new agencies or new bureaus to take on new tasks, as we are doing in the public welfare area, for example.

It is in these two areas that I think we could make significant contributions.

Mr. HANLEY. Fine.

Mr. Barton, do you have any questions?

Mr. BARTON (subcommittee counsel). No, sir; I think we have covered everything I was thinking about.

Mr. HANLEY. Just one further question: Do you anticipate any major changes in pay schedules, as a result of your ultimate recommendations?

Mr. OLIVER. I suppose that depends on what you call "major." I would like to assure you, sir, that as I indicated in my statement, it is like bread and butter, they have to sort of go together. I would like to recommend to this committee, from my experience and from the work that I have already begun, that they be receptive to some significant modification in the existing pay structures and pay systems. The testimony itself pointed out some of the problems in terms of cost-of-living factors between high- and low-cost areas in the country, and I have here a number of recommendations from people suggesting the feasibility of regional schedules or locality schedules.

We also have at the other end of the scale some serious problems in pay relationship among top levels of Government employees, people with tremendous scope of responsibility for billions of dollars of taxpayers' money, and their link to the sub-Cabinet and Cabinet and legislative salary structures.

Somehow we ought to be able to rationalize these things and reach some understanding between the doers, the operators, and what it takes to motivate them, and the planners, the developers.

There are certain specialized groups of employees who receive now preferential treatment and status in terms of pay structures. And this should be examined. This borders, I realize, on that classic argument of rank in man versus rank in job which, of course, is tied to pay. And this will be examined.

Yes, I expect that I will be asking you to look at, particularly during some of these monthly reports, some of the approaches we are taking and the concepts we are thinking of, so we can get your guidance in this area.

And I hope you will be receptive to some of our views.

Mr. HANLEY. You can certainly be assured that that will be the case, because this has been a problem that this subcommittee has wrestled with for years, and we are certainly looking for a better way.

I have no further questions, Mr. Oliver. I want again to express my pleasure at your coming aboard in this matter. I am most aware of the sacrifice you are making; certainly you will enjoy, I am sure, great satisfaction ultimately in the knowledge that your contribution, hopefully, is going to be so meaningful to our Nation's governmental process.

From the monetary standpoint, as your testimony has evidenced, we are talking in terms of a great deal of money, about 15 percent of our national budget being directed in the avenue of payroll, so certainly your service in this area, your service up to date, has been most impressive and your service in this arena, this area, I believe, is going to earn for you the gratitude of every American.

It is not a glamorous job. It is a very detailed and difficult one, but you certainly are well equipped, and there is not a question in my mind that you are going to master the challenge that you have.

I want to assure you this morning of the full cooperation of this committee as you pursue the road ahead.

Your testimony was quite enlightening, you spelled it out quite well here, and certainly, again, with regard to the members who did not have the opportunity to meet you personally, they will be reading your testimony and they will be looking forward to meeting you personally at a subsequent meeting here.

With that, my deep appreciation for your appearance here this morning. We will look forward to a delightful association with you.

Mr. OLIVER. Thank you, Mr. Chairman. I consider it a privilege to be able to work on this job, and I am most eager to produce something that you will find satisfactory.

Mr. HANLEY. Well, again, your enthusiasm is certainly most heartening to us.

With that, until the call of the Chair, we shall adjourn.

(Whereupon, at 11:25 a.m. the hearing was adjourned, subject to call of the Chair.)

